



**MOUNTAIN  
REGIONAL  
WATER**

**2025 Proposed TENTATIVE BUDGET**

**And**

**2024 Proposed AMENDED BUDGET**

**October 24, 2024**

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## 1.0 INTRODUCTION

### 1.01 The District

Mountain Regional Water (the District) is a regional public water company established in 2000 to resolve water shortage and water quality problems in Snyderville Basin. It is governed by the Summit County Council who acts as the District's Governing Board. The Council has delegated certain powers to an Administrative Control Board consisting of citizens living within the District. Since its creation numerous small water companies and new developments have joined the District.

The District currently has 5,668 customers using water and about 1,497 additional equivalent connections on standby. Impact fees and new connection requests decreased during 2024 as growth has continued to slow. New connection requests in 2024 are expected to finish close to 92, compared to 150 last year and 288 in 2022.

The year 2024 is best marked by an increase in usage due to a very hot and dry summer with little precipitation except for periodic monsoon rains in August. Additionally, with reservoirs full from several years of above average snowpack and little to no drought in the state, statewide conservation messaging decreased from prior years. These items contributed to driving usage increase per culinary connection up 18.5% as compared to 2023, but still not close to historical levels prior to 2021. See Figure 2 on the next page.

The District continues to promote water conservation through efforts like its Landscape Lawn Exchange Incentive Program, conservation rates, and the Snyderville Basin landscape ordinance.

The District estimates water production in 2025 to be 4,886 acre-feet. The District breaks water production into four main categories as reflected in Figure 1 below. The blue shaded areas indicate culinary water, and the green shaded areas indicate raw water (see Section 2.02 for more detail).

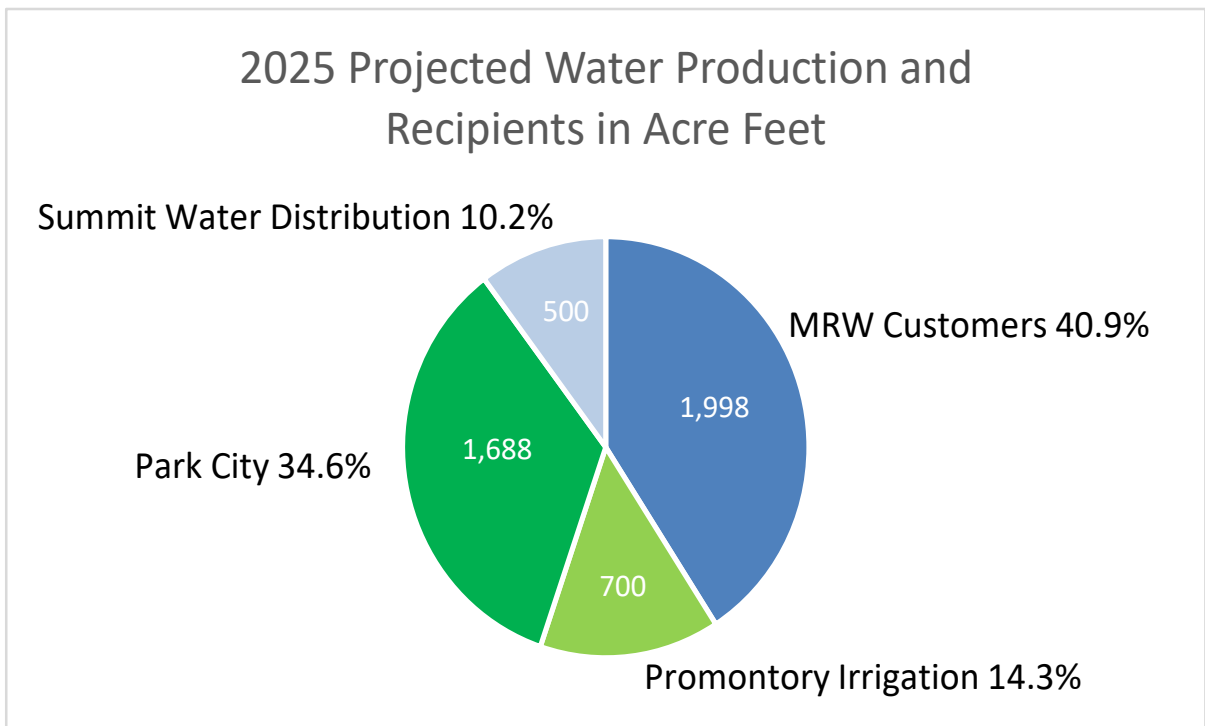


Figure 1: 2025 Projected Water Production

## 2.0 2024 and 2025 Water Usage and Production Projections

### 2.01 Water Usage

As shown in Figure 2 below, the average District culinary consumption per customer estimated for 2024 is 129,084 gallons, compared to 108,890 gallons for 2023, an 18.5% Increase. This is the first time the District has experienced a usage increase per customer since 2020. In 2022 usage was down due to drought restrictions, and in 2023 a wet spring delayed the beginning of irrigation season into late June. In 2024 the summer has been long and dry which is reflected in the increased usage.

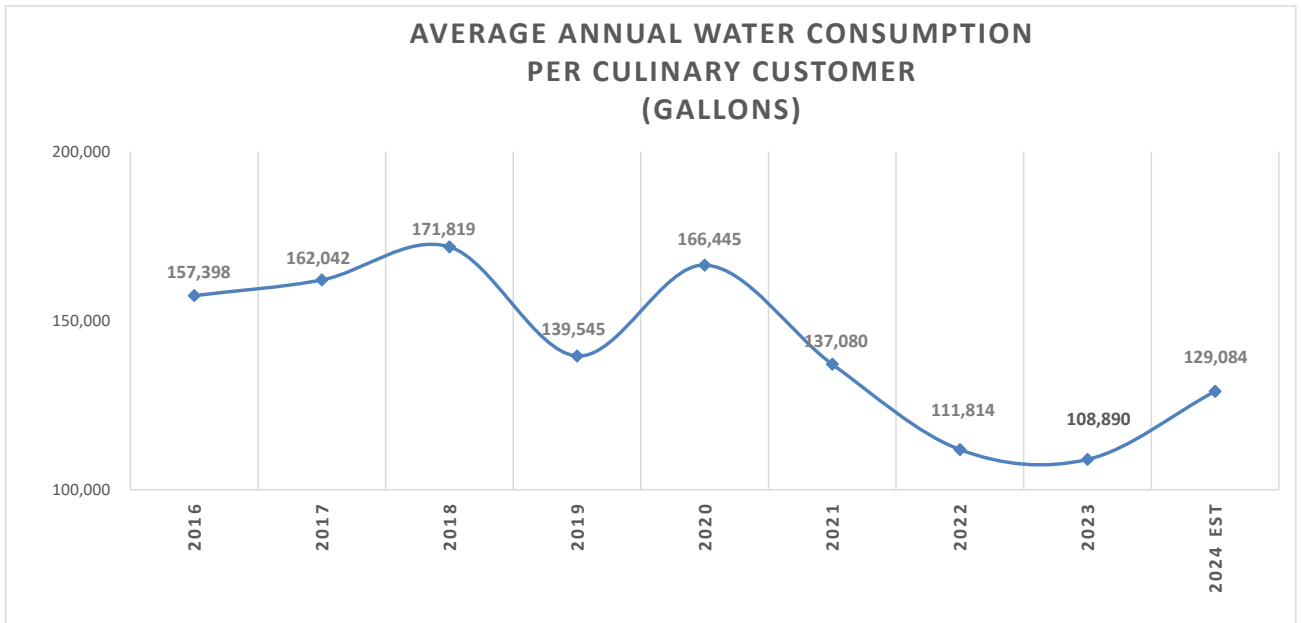


Figure 2: Average Annual Water Consumption per Culinary Customer

## 2.02 Water Production

Production for 2024 is projected to be 5,249 acre-feet, an overall 7.4% decrease compared to 2023. The decrease is coming in the raw water category, and in particular from the raw water wheeled to Park City as they have become less dependent on their Quinn’s Junction water plant now that their 3 Kings Water Treatment Facility is complete. Additionally, the culinary water sent to the Summit Water Distribution Company decreased 100 acre-feet in 2024 and will decrease another 100 acre-feet in 2025. Offsetting these decreases, were increased usage by the District’s culinary customers, as well as the raw water sent to Promontory.

For 2025 production is projected to decrease overall from 5,249 acre-feet to 4,886 acre-feet. The projected decrease comes from a combination of all categories. The water sent to Summit Water Distribution Company drops by 100 acre-feet; the water used by MRW customers is projected to drop by 188 acre-feet as the 2023 and 2024 usage levels are averaged together; water wheeled to Park City is projected to drop 21 acre-feet as they have indicated they expect a small decrease in their demand; Promontory golf is projected to use 53 acre-feet less in 2025 since the 2024 irrigation season began early, and is ending late, due to the long and hot summer.

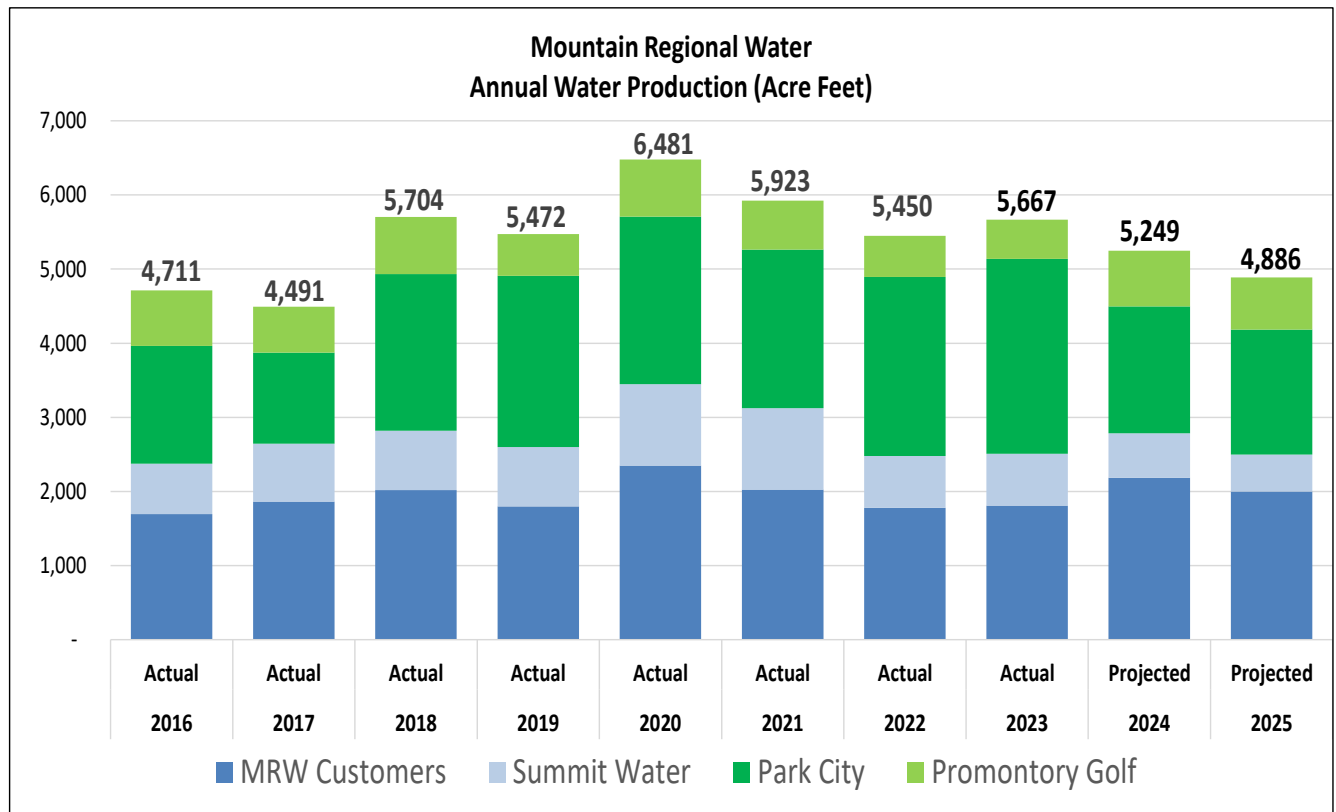


Figure 3: Annual Water Production (Acre Feet)

### 3.0 2024 and 2025 Growth Projections

#### 3.01 New Water Connections

New customer connection requests decreased during 2024 and are now projected to be the lowest in the last decade. New connection requests are projected to remain low in 2025.

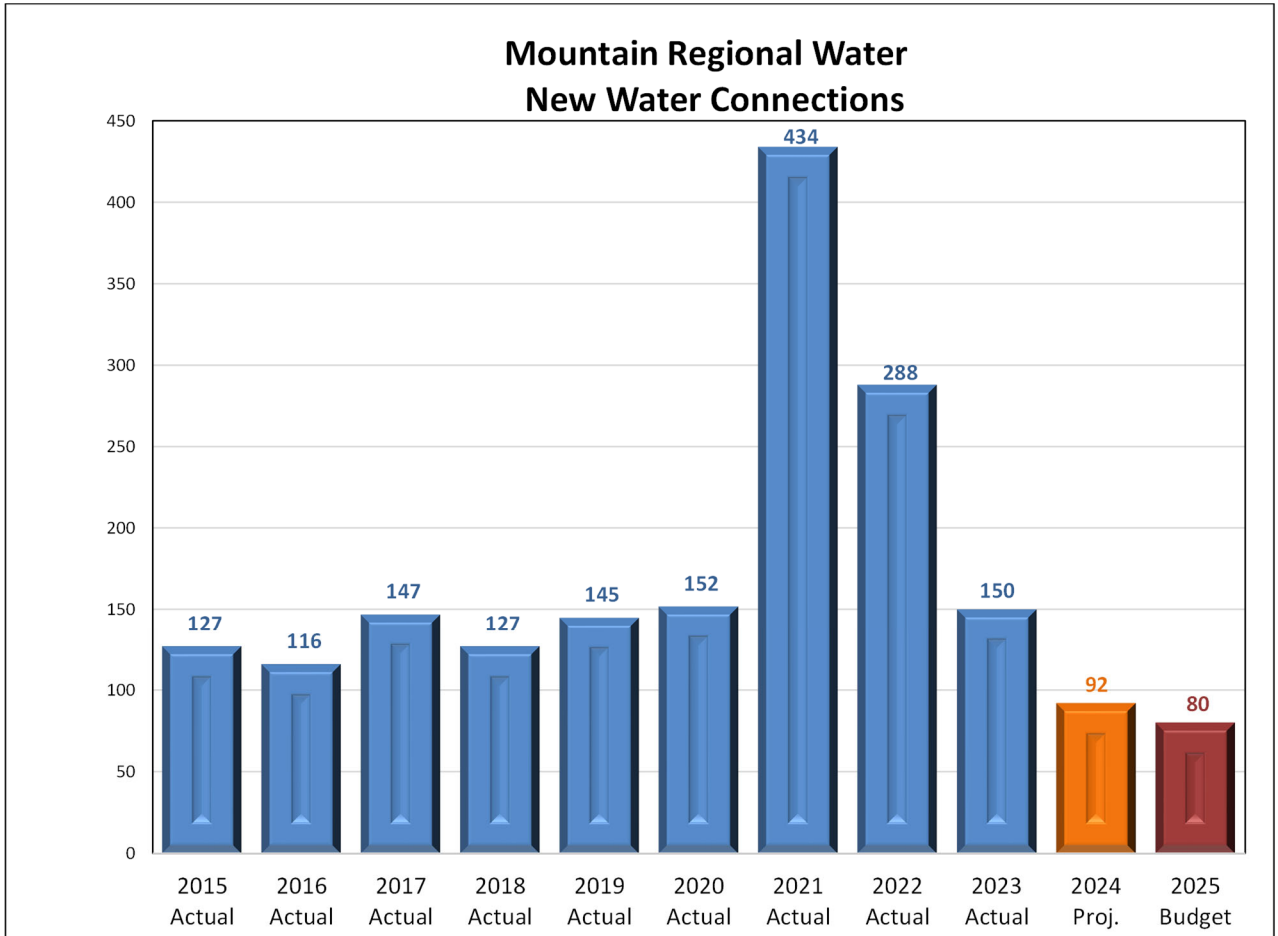


Figure 4: New Water Connections

### 3.02 Impact Fees

For 2024 the District budgeted \$800,000 for impact fees. By the end of September impact fee revenue had reached \$759,000 and is now projected to be above budget at \$820,000. Given the slowing of impact fees during the second half of 2024, the District is budgeting \$600,000 for 2025.

Shown in Figure 5 below is the actual impact fee revenue received from 2015 through 2023, along with 2024's projected amount and the budgeted amount for 2025.

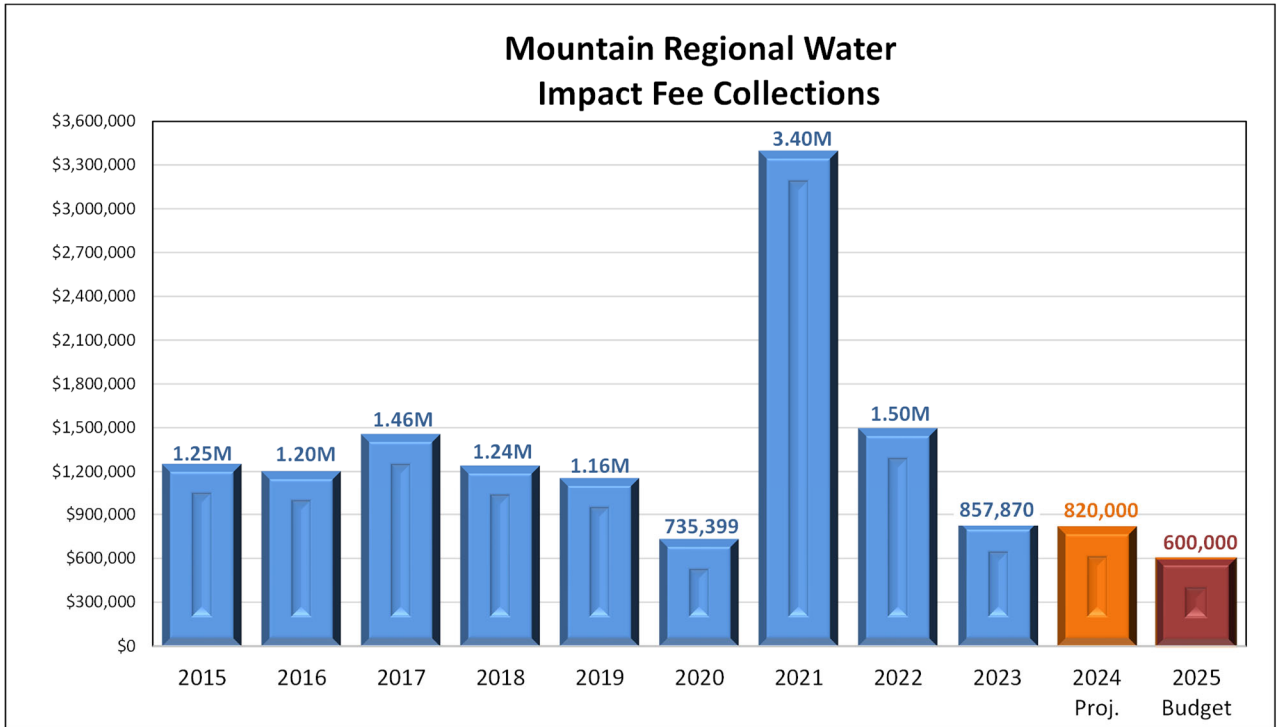


Figure 5: Impact Fee Collections

#### 4.0 2024 REVENUE PROJECTION and 2025 REVENUE BUDGET

As shown in the table below, the District is requesting to amend the 2024 non-operating revenue to show a decrease in Special Assessments with an offsetting increase to Interest Earnings. Fewer assessments were received from the Promontory area as fewer lots were sold; however, this decrease is offset by the higher-than budgeted Interest Earnings received due to higher-than-expected interest rates. The shortfall in Promontory assessments owed this year, will be covered by a Promontory reserve; the offsetting with Interest Earnings is a budgetary action.

Projected Total Revenue for 2024 is now \$18.25 million, which is \$1.66 million above budget. As can be seen in Table 1 below, the projected increase in 2024 revenue is due to two factors. First, Water Sales are \$982,000 above budget due to increased usage due to the extended hot dry summer. Second, interest earnings are higher than originally budgeted as the earnings rate in the Public Treasurers' Investment Fund (PTIF) remained higher than expected.

For 2025 the District is budgeting Total Revenue to be \$18.04 million; \$14.75 million in Operating Revenue and \$3.28 million in Non-Operating Revenue. There is an increase in Water Sales due to a recommended tiered rate increase and customer growth. The tiered rate increase is designed to promote further conservation by increasing the higher usage levels by a higher percentage than the base and lower usage levels. This also passes along the additional costs of water production to those that are driving these costs through their usage demands. An average user should see about a 3.16% increase and a large user should see about an 18.78% increase. The expected effective rate increase is 6%, but this can vary depending on a customer's actual usage in 2025.

Non-Operating Revenue in 2025 will be greatly augmented from selling the current Administrative Office. Summit County has planned to purchase it from the District and the profit from the sale should be approximately \$1.00 million. All Other Non-Operating categories are expected to decrease. Interest Earnings are not projected to be as high, and slowing growth will decrease Impact Fees and Special Assessments. Interest Earnings are planned to decrease as the Federal Reserve cut the key borrowing rate by 50 basis points in September and is planning further cuts before year end and into the beginning of next year. The amount of funds the District has invested will also be dropping as the construction on the new Administrative Office and Maintenance Facility are completed during 2025.

| Mountain Regional Water   |                   |            |                   |                   |                   |                   |              |
|---|-------------------|------------|-------------------|-------------------|-------------------|-------------------|--------------|
| 2024 Revenue Amendment and 2025 Budgeted Recommendation - Accrual Basis |                   |            |                   |                   |                   |                   |              |
| Enterprise Fund   |                   |            |                   |                   |                   |                   |              |
|   | 2024              | 2024       | 2024              | 2024              | 2025              | 2025              |              |
|   | Budget            | Proposed   | Proposed          | Projected         | Control Board     | Recommend to      | % Change     |
|   |                   | Amendments | Amended           |                   | Recommended       | 2024 Budget       |              |
| <b><u>OPERATING REVENUE</u></b>   |                   |            |                   |                   |                   |                   |              |
| Water Sales   | \$ 11,581,100     | \$ -       | \$ 11,581,100     | \$ 12,563,500     | \$ 12,725,000     | \$ 1,143,900      | 9.9%         |
| Park City Wheeling  | 600,000           | -          | 600,000           | 610,100           | 600,000           | \$ -              | 0.0%         |
| Weber Basin Regionalization Collections                                 | 1,076,400         | -          | 1,076,400         | 1,076,400         | 887,800           | \$ (188,600)      | -17.5%       |
| Operating Fees & Other Revenue  | 539,300           | -          | 539,300           | 646,500           | 539,300           | \$ -              | 0.0%         |
| <b>Total Operating Revenue</b>  | <b>13,796,800</b> | <b>-</b>   | <b>13,796,800</b> | <b>14,896,500</b> | <b>14,752,100</b> | <b>955,300</b>    | <b>6.9%</b>  |
| <b><u>NON-OPERATING REVENUE</u></b>                                     |                   |            |                   |                   |                   |                   |              |
| Interest Earnings   | 1,245,000         | 150,200    | 1,395,200         | 1,910,000         | 1,025,000         | \$ (220,000)      | -17.7%       |
| Impact Fees   | 800,000           | -          | 800,000           | 800,000           | 600,000           | \$ (200,000)      | -25.0%       |
| Special Assessments   | 702,200           | (150,200)  | 552,000           | 552,000           | 567,700           | \$ (134,500)      | -19.2%       |
| Other Non-operating Revenue   | 41,700            | -          | 41,700            | 91,700            | 1,091,700         | \$ 1,050,000      | 2518.0%      |
| <b>Total Non-Operating Revenue</b>                                      | <b>2,788,900</b>  | <b>-</b>   | <b>2,788,900</b>  | <b>3,353,700</b>  | <b>3,284,400</b>  | <b>\$ 495,500</b> | <b>17.8%</b> |
| <b>TOTAL REVENUE</b>  | <b>16,585,700</b> | <b>-</b>   | <b>16,585,700</b> | <b>18,250,200</b> | <b>18,036,500</b> | <b>1,450,800</b>  | <b>8.7%</b>  |

Table 1: 2024 and 2025 Revenue



## 5.0 2024 EXPENSE PROJECTION AND 2025 EXPENSE BUDGET

There is no budget amendment required for 2024 expenses.

For 2025 the District is budgeting Total Expense to be \$14.64 million; \$12.87 million in Operating Expenses and \$1.77 million in Non-Operating Expense. Total Operating Expenses are budgeted to increase 4.6% from the 2024 budget. This is due to inflationary pressures and planned pay increases (3.3% COLA, average 3% Merit). There are no new FTEs planned for 2025.

Non-Operating Expense is budgeted to drop by 4.2%. This is due to the maturing of bond payments which means more of the payment goes to reducing the principal than to interest expense.

Total Expense is budgeted to have a 3.4% increase in 2025 compared to the 2024 budget.

| Mountain Regional Water   |                   |            |                   |                   |                   |                 |              |
|---|-------------------|------------|-------------------|-------------------|-------------------|-----------------|--------------|
| 2024 Expense Amendment and 2025 Budgeted Recommendation - Accrual Basis |                   |            |                   |                   |                   |                 |              |
| Enterprise Fund   |                   |            |                   |                   |                   |                 |              |
|   | 2024              | 2024       | 2024              | 2025              | 2025              |                 |              |
|   | Budget            | Proposed   | Proposed          | Projected         | Control Board     | Recommend to    | % Change     |
|   |                   | Amendments | Amended           |                   | Recommended       | 2024 Budget     |              |
| <b><u>OPERATING EXPENSES</u></b>  |                   |            |                   |                   |                   |                 |              |
| Operations  | 7,630,100         | -          | 7,630,100         | 7,332,600         | 7,901,600         | \$ 271,500      | 3.6%         |
| Administration  | 2,330,600         | -          | 2,330,600         | 2,305,400         | 2,499,300         | \$ 168,700      | 7.2%         |
| Depreciation Expense  | 2,347,300         | -          | 2,347,300         | 2,290,000         | 2,467,300         | \$ 120,000      | 5.1%         |
| <b>Total Operating Expense</b>  | <b>12,308,000</b> | <b>-</b>   | <b>12,308,000</b> | <b>11,928,000</b> | <b>12,868,200</b> | <b>560,200</b>  | <b>4.6%</b>  |
| <b><u>NON-OPERATING EXPENSE</u></b>                                     |                   |            |                   |                   |                   |                 |              |
| Interest Expense/Bank Fees  | 1,845,700         | -          | 1,845,700         | 1,845,700         | 1,768,400         | \$ (77,300)     | -4.2%        |
| Bond Issuance Costs and Amortization Expense                            | 2,000             | -          | 2,000             | 2,000             | 2,000             | \$ -            | 0.0%         |
| <b>Total Non-Operating Expense</b>                                      | <b>1,847,700</b>  | <b>-</b>   | <b>1,847,700</b>  | <b>1,847,700</b>  | <b>1,770,400</b>  | <b>(77,300)</b> | <b>-4.2%</b> |
| <b>TOTAL EXPENSE</b>  | <b>14,155,700</b> | <b>-</b>   | <b>14,155,700</b> | <b>13,775,700</b> | <b>14,638,600</b> | <b>482,900</b>  | <b>3.4%</b>  |

Table 2: 2024 and 2025 Expenses

## 6.0 2024 DEBT COVERAGE CALCUALTION AND 2025 DEBT SERVICE BUDGET

For 2024 the projected Debt Coverage Ratio is coming in better than budgeted. This is due to higher revenues and lower expenses than budgeted as discussed previously.

As can be seen in the table below, the budgeted Debt Coverage Ratio for 2024 was 1.49 and the projected result is now 1.90. For 2025 the budgeted Debt Coverage Ratio is 1.75. This is higher than the 1.25 required by bond covenants and will generate \$2.99 million which will be split between Capital Facility Reserves (\$520,000), Lost Canyon and Treatment Plant reserves (\$287,400), Regionalization Reserve (\$1.00 million) and Cash Available for the Capital Budget (\$1.18 million). The deposit to the Regionalization Reserve is the proceeds from the sale of the current Administrative Office. The complete Change In Position (Net Income) statement used to generate the table below is included as Appendix A.

| <b>MOUNTAIN REGIONAL WATER</b>                                    |                        |                            |                        |
|---|------------------------|----------------------------|------------------------|
| <b>Debt Coverage 2024 Projection and 2025 Budget - Cash Basis</b> |                        |                            |                        |
|   | <b>2024<br/>Budget</b> | <b>2024<br/>Projection</b> | <b>2025<br/>Budget</b> |
| <b>COVERAGE CALCULATION FOR PARITY REVENUE BONDS</b>              |                        |                            |                        |
| Operating Income (Loss)   | \$ 1,488,800           | \$ 2,968,500               | \$ 1,883,900           |
| Add Back Depreciation   | 2,347,300              | 2,290,000                  | 2,467,300              |
| Add in Interest Available for Debt Service                        | 1,225,000              | 1,875,000                  | 1,000,000              |
| Add In Impact Fees  | 800,000                | 800,000                    | 600,000                |
| Add In Special Assessments  | 702,200                | 552,000                    | 567,700                |
| Add in Other Non-operating Income                                 | 30,000                 | 80,000                     | 1,080,000              |
| Add Lost Canyon & Treatment Plant repair funds                    | 197,500                | 94,400                     | 227,000                |
| <b>Total Available For Debt Service</b>                           | <b>6,790,800</b>       | <b>8,659,900</b>           | <b>7,825,900</b>       |
| <b>TOTAL DEBT COVERAGE</b>  |                        |                            |                        |
| Required Coverage Principal                                       | 3,021,500              | 3,021,500                  | 3,095,100              |
| Required Coverage Interest/Bank Fees                              | 1,923,800              | 1,923,800                  | 1,744,500              |
| <b>Total Required Debt Service</b>                                | <b>4,945,300</b>       | <b>4,945,300</b>           | <b>4,839,600</b>       |
| <b>Debt Service X 1.25</b>  | <b>6,181,600</b>       | <b>6,181,600</b>           | <b>6,049,500</b>       |
| <b>Total Debt Coverage Ratio</b>                                  | <b>1.37</b>            | <b>1.75</b>                | <b>1.62</b>            |
| <b>REQUIRED PARITY BOND DEBT COVERAGE</b>                         |                        |                            |                        |
| Parity Bond Principal   | 2,744,000              | 2,744,000                  | 2,811,000              |
| Parity Bond Interest  | 1,821,600              | 1,821,600                  | 1,648,600              |
| <b>Total Parity Debt Service</b>                                  | <b>4,565,600</b>       | <b>4,565,600</b>           | <b>4,459,600</b>       |
| <b>Debt Service X 1.25</b>  | <b>5,707,000</b>       | <b>5,707,000</b>           | <b>5,574,500</b>       |
| <b>Parity Debt Coverage Ratio</b>                                 | <b>1.49</b>            | <b>1.90</b>                | <b>1.75</b>            |
| <b>Cash Excess/(Shortfall)</b>                                    |                        |                            |                        |
| Cash Excess/(Shortfall)   | 1,845,500              | 3,714,600                  | 2,986,300              |
| Less Lost Canyon & Treatment Plant repair funds                   | (287,400)              | (287,400)                  | (287,400)              |
| <b>Projected Cash Generated</b>                                   | <b>1,558,100</b>       | <b>3,427,200</b>           | <b>2,698,900</b>       |
| Capital Facility Reserves   | (498,000)              | (498,000)                  | (520,000)              |
| Regionalization Reserve (proceeds from building)                  |                        |                            | (1,000,000)            |
| Cash Available for Capital Budget                                 | 1,060,100              | 2,929,200                  | 1,178,900              |

**Table 3: 2024 and 2025 Debt Coverage Ratio**

## 7.0 CASH POSITION

As shown in the graph below the District’s cash and reserves (excluding cash held by the bond trustee for debt payments, and other restricted cash such as Construction and customer deposits) steadily improved through 2022. In 2023 and 2024 the District has expended cash on several planned capital projects, bringing the cash balance down. The District’s cash position remains strong with a balance of over \$19 million (excluding the cash described above).

Operating Cash & Reserves are sufficient to cover operating expenses for 374 days as of September 30, 2024. District policy requires 120 days. A complete breakdown of cash balances as of September 30<sup>th</sup>, 2024, is included as Appendix B.

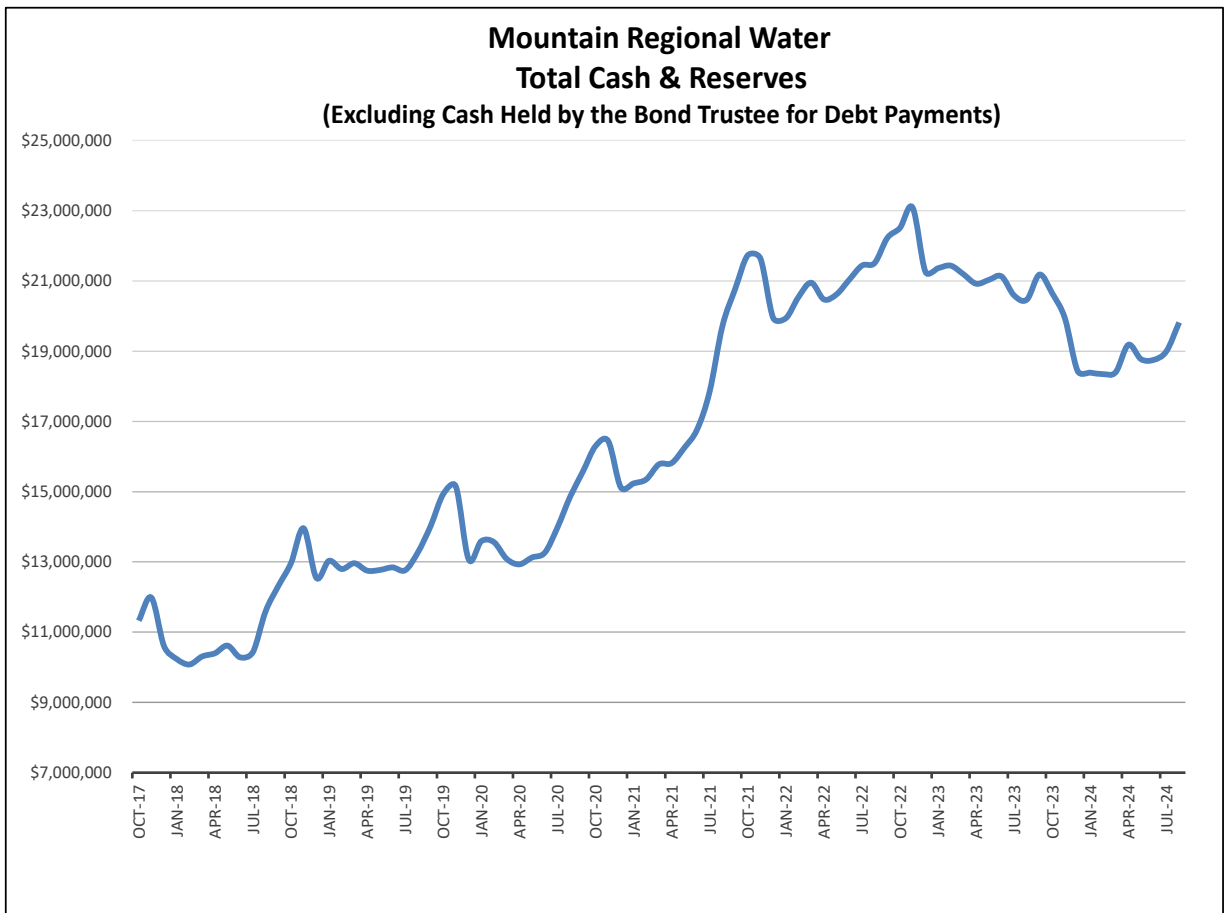


Figure 6: Total Cash & Reserves

## 8.0 2024 CAPITAL BUDGET AMENDMENT and 2025 CAPITAL BUDGET REQUEST

The District is requesting a small amendment to the 2024 Capital Budget to reallocate savings on projects. The Sun Peak Well 2 refurbishment came in \$52,000 under budget and the Lost Canyon Transmission Gate Valve installation came in \$58,000 under budget. The Old Ranch project is also expected to have approximately \$100,000 in savings and the Browns Canyon Betterment will have savings of \$140,000. The savings of \$350,000 would be split between Vehicles and Equipment (\$210,000) and General System Improvements (\$140,000) through this amendment.

For 2025 the District is requesting \$3.91 million in new capital spending appropriations as shown below. The request includes vehicle and equipment needs, and other projects put forth by the District Engineer such as continued work on treatment plant expansion. A detailed description of capital projects completed in 2024, projects rolling forward from 2024, and new projects for 2025 are included in Appendix C.

| Mountain Regional Water                                       |                           |                               |                                |                                |   |                           |
|---|---------------------------|-------------------------------|--------------------------------|--------------------------------|---|---------------------------|
| 2024 Capital Budget Amendment and 2025 Capital Budget Request |                           |                               |                                |                                |   |                           |
|   | 2024<br>Adopted<br>Budget | 2024<br>Proposed<br>Amendment | 2024<br>Estimated<br>Completed | 2024<br>Estimated<br>Carryover | General Manager<br>Recommended<br>Increases | 2025<br>Total<br>Estimate |
| <b>CASH SOURCES</b>   |                           |                               |                                |                                |   |                           |
| Previous Year Budget Carryover                                | \$ 975,194                | \$ -                          | \$ 884,106                     | 91,088                         | \$ -  | \$ 91,088                 |
| Cash Available from Previous Years                            | 5,792,199                 | -                             | 459,190                        | 5,333,009                      | 2,929,200                                   | \$ 8,262,209              |
| Impact Fees   | 648,000                   | -                             | -                              | 648,000                        | 122,300                                     | \$ 770,300                |
| District Capital Reserves                                     | 200,000                   | -                             | 148,000                        | 52,000                         | 860,000                                     | \$ 912,000                |
| Regionalization Reserve                                       | 1,550,000                 | -                             | 500,000                        | 1,050,000                      | -   | \$ 1,050,000              |
| Series 2023 Bond Issuance                                     | 18,000,000                | -                             | -                              | 18,000,000                     | -   | \$ 18,000,000             |
| Grants and ITC Credits  | 930,000                   | -                             | 930,000                        | -                              | -   | \$ -                      |
| <b>TOTAL SOURCES</b>  | <b>\$ 28,095,393</b>      | <b>\$ -</b>                   | <b>\$ 2,921,296</b>            | <b>\$ 25,174,097</b>           | <b>\$ 3,911,500</b>                         | <b>\$ 29,085,597</b>      |
| <b>CASH USES</b>  |                           |                               |                                |                                |   |                           |
| Completed Projects  |                           |                               |                                |                                |   |                           |
| Sun Peak Well 2   | 200,000                   | (52,000)                      | 148,000                        | -                              | -   | -                         |
| Solar Array on Treatment Plant Pond                           | 1,808,300                 | -                             | 1,808,300                      | -                              | -   | -                         |
| Vehicles & Equipment  | 462,139                   | 210,000                       | 159,306                        | 512,833                        | 433,000                                     | 945,833                   |
| Lost Canyon Transmission Gate Valve                           | 120,000                   | (58,000)                      | 62,000                         | -                              | -   | -                         |
| Capitalized Personnel Costs                                   | 346,500                   | -                             | 346,500                        | -                              | 373,500                                     | 373,500                   |
| General System Improvements                                   | 916,854                   | 140,000                       | 397,190                        | 659,664                        | 50,000                                      | 709,664                   |
| Continuing Capital Projects                                   |                           |                               |                                |                                |   |                           |
| Browns Canyon Betterment                                      | 403,000                   | (140,000)                     | -                              | 263,000                        | -   | 263,000                   |
| Administrative Office & Maintenance Facility                  | 20,797,600                | -                             | -                              | 20,797,600                     | -   | 20,797,600                |
| Summit Park Well 5  | 150,000                   | -                             | -                              | 150,000                        | -   | 150,000                   |
| Old Ranch (generator/surge/asphalt)                           | 1,200,000                 | (100,000)                     | -                              | 1,100,000                      | -   | 1,100,000                 |
| Treatment Plant Expansion                                     | 1,441,000                 | -                             | -                              | 1,441,000                      | 550,000                                     | 1,991,000                 |
| Engineering Design Fees                                       | 250,000                   | -                             | -                              | 250,000                        | 95,000                                      | 345,000                   |
| New 2025 Capital Projects                                     |                           |                               |                                |                                |   |                           |
| Well 2R Refurbishment   | -                         | -                             | -                              | -                              | 75,000                                      | 75,000                    |
| Innsbruck Booster Pump Station                                | -                         | -                             | -                              | -                              | 180,000                                     | 180,000                   |
| Summit Park Well 7  | -                         | -                             | -                              | -                              | 100,000                                     | 100,000                   |
| Lost Canyon Transmission Line Air Valve                       | -                         | -                             | -                              | -                              | 40,000                                      | 40,000                    |
| Treatment Plant Insulation Repair                             | -                         | -                             | -                              | -                              | 240,000                                     | 240,000                   |
| Matterhorn Terrace line replacement                           | -                         | -                             | -                              | -                              | 1,000,000                                   | 1,000,000                 |
| Lost Canyon Pump 1 Upgrade                                    | -                         | -                             | -                              | -                              | 250,000                                     | 250,000                   |
| EAM Implementation  | -                         | -                             | -                              | -                              | 275,000                                     | 275,000                   |
| ERP Implementation  | -                         | -                             | -                              | -                              | 250,000                                     | 250,000                   |
| <b>TOTAL USES</b>   | <b>\$ 28,095,393</b>      | <b>\$ -</b>                   | <b>\$ 2,921,296</b>            | <b>\$ 25,174,097</b>           | <b>\$ 3,911,500</b>                         | <b>\$ 29,085,597</b>      |

**Table 4: 2024 Amendment and 2025 Capital Budget Request**

## 9.0 2024 AMENDMENT SUMMARY

The District is requesting an amendment to the 2024 Operating Budget. This amendment is to adjust for a shortfall in Special Assessments of \$150,200 and is covered by an overage in Interest Earnings. Since these are both Non-Operating Revenue accounts no change to a secondary category is needed.

In other words, the 2024 Operating Budget remains the same.

### *2024 Operating Budget*

Revenue: \$16,585,700

Expense: \$14,155,700

Change in Net Position: \$2,430,000

The District is requesting an amendment to the 2024 Capital Budget. This amendment is to reallocate cost savings on four projects to the Vehicle and Equipment and General System Improvement budgets. The cost savings come from the Sun Peak Well 2 refurbishment (\$52,000), the installation of a gate valve in the Lost Canyon Transmission Line (\$58,000), the Old Ranch Booster Station project (\$100,000), and the Browns Canyon Betterment (\$140,000). The total savings of \$350,000 will be reallocated to Vehicle & Equipment (\$210,000) to facilitate the District changing the timing on purchasing trucks and to General System Improvements (\$140,000).

There is no overall change to the 2024 Capital Budget since this is just a reallocation of savings.

### *2024 Capital Budget*

\$3,738,600

There is no change to the Debt Service Budget for 2024 of \$4,945,300

## 10.0 2025 BUDGET SUMMARY

### *2025 Operating Budget*

Revenue: \$18,036,500

Expense: \$14,638,600

Change in Net Position: \$3,397,900

### *2025 Capital Budget*

\$3,911,500

### *2025 Debt Service Budget*

\$4,839,600

## APPENDIX A – 2023 Actual, 2024 Budget & Amended, 2025 Budget Recommendation

| <b>Mountain Regional Water<br/>Operating Budgets - Accrual Basis<br/>Enterprise Fund</b> |                     |                     |                     |                     |                              |                             |  |
|--|---------------------|---------------------|---------------------|---------------------|------------------------------|-----------------------------|--|
|  | 2023                | 2024                | 2024                | 2024                | 2025                         | 2025                        |  |
|  | Actual              | Budget              | Proposed<br>Amended | 2024<br>Projected   | Control Board<br>Recommended | Recommend to<br>2024 Budget |  |
| <b><u>OPERATING REVENUE</u></b>  |                     |                     |                     |                     |                              |                             |  |
| Retail Water Sales   | \$ 10,256,055       | \$ 11,581,100       | \$ 11,581,100       | \$ 12,563,500       | \$ 12,725,000                | \$ 1,143,900                |  |
| Park City Wheeling   | 726,148             | 600,000             | 600,000             | 610,100             | 600,000                      | -                           |  |
| Weber Basin Regionalization Collections  | 1,244,300           | 1,076,400           | 1,076,400           | 1,076,400           | 887,800                      | (188,600)                   |  |
| Operating Fees   | 622,151             | 491,800             | 491,800             | 590,000             | 491,800                      | -                           |  |
| Contract Maintenance   | 19,352              | 2,500               | 2,500               | 15,500              | 2,500                        | -                           |  |
| Other  | 42,807              | 45,000              | 45,000              | 41,000              | 45,000                       | -                           |  |
| <b>Total Operating Revenue</b>   | <b>12,910,813</b>   | <b>13,796,800</b>   | <b>13,796,800</b>   | <b>14,896,500</b>   | <b>14,752,100</b>            | <b>955,300</b>              |  |
| <b><u>OPERATING EXPENSES</u></b>   |                     |                     |                     |                     |                              |                             |  |
| Operations   |                     |                     |                     |                     |                              |                             |  |
| Energy & Resource Management   | 644,835             | 784,100             | 784,100             | 755,300             | 895,200                      | 111,100                     |  |
| Lost Canyon Transmission   | 1,630,020           | 2,083,300           | 2,083,300           | 1,952,300           | 2,174,900                    | 91,600                      |  |
| Treatment Plant  | 781,299             | 982,300             | 982,300             | 948,800             | 1,019,300                    | 37,000                      |  |
| Distribution   | 3,215,028           | 3,681,800           | 3,681,800           | 3,577,600           | 3,706,300                    | 24,500                      |  |
| Safety   | 65,615              | 98,600              | 98,600              | 98,600              | 105,900                      | 7,300                       |  |
| General Manager  |                     |                     |                     |                     |                              |                             |  |
| Administration   | 1,213,365           | 1,423,800           | 1,423,800           | 1,408,600           | 1,580,800                    | 157,000                     |  |
| Public Services  | 721,999             | 906,800             | 906,800             | 896,800             | 918,500                      | 11,700                      |  |
| Depreciation Expense   | 2,096,713           | 2,347,300           | 2,347,300           | 2,290,000           | 2,467,300                    | 120,000                     |  |
| <b>Total Operating Expense</b>   | <b>10,368,873</b>   | <b>12,308,000</b>   | <b>12,308,000</b>   | <b>11,928,000</b>   | <b>12,868,200</b>            | <b>560,200</b>              |  |
| <b>OPERATING INCOME</b>  | <b>2,541,940</b>    | <b>1,488,800</b>    | <b>1,488,800</b>    | <b>2,968,500</b>    | <b>1,883,900</b>             | <b>395,100</b>              |  |
| <b><u>NON-OPERATING REVENUE</u></b>  |                     |                     |                     |                     |                              |                             |  |
| Interest Earnings - Available for Debt Service   | 1,223,090           | 1,225,000           | 1,375,200           | 1,875,000           | 1,000,000                    | (225,000)                   |  |
| Interest Earnings - Not Available for Debt Service                                       | 34,941              | 20,000              | 20,000              | 35,000              | 25,000                       | 5,000                       |  |
| Impact Fees  | 851,870             | 800,000             | 800,000             | 800,000             | 600,000                      | (200,000)                   |  |
| Promontory Developer Assessments   | 233,877             | 386,600             | 245,000             | 245,000             | 260,700                      | (125,900)                   |  |
| Stagecoach Assessments   | 147,619             | 156,600             | 148,000             | 148,000             | 148,000                      | (8,600)                     |  |
| Community Water Assessments  | 161,343             | 159,000             | 159,000             | 159,000             | 159,000                      | -                           |  |
| Other Cash Non-operating Revenue   | 90,329              | 30,000              | 30,000              | 80,000              | 1,080,000                    | 1,050,000                   |  |
| Non-Cash Non-operating Revenue   | 11,667              | 11,700              | 11,700              | 11,700              | 11,700                       | -                           |  |
| <b>Total Non-Operating Revenue</b>   | <b>2,754,738</b>    | <b>2,788,900</b>    | <b>2,788,900</b>    | <b>3,353,700</b>    | <b>3,284,400</b>             | <b>495,500</b>              |  |
| <b><u>NON-OPERATING EXPENSE</u></b>  |                     |                     |                     |                     |                              |                             |  |
| Interest Expense/Bank Fees   | 1,119,254           | 1,845,700           | 1,845,700           | 1,845,700           | 1,768,400                    | (77,300)                    |  |
| Bond Issuance Costs and Amortization Expense   | 92,000              | 2,000               | 2,000               | 2,000               | 2,000                        | -                           |  |
| <b>Total Non-Operating Expense</b>   | <b>1,211,254</b>    | <b>1,847,700</b>    | <b>1,847,700</b>    | <b>1,847,700</b>    | <b>1,770,400</b>             | <b>(77,300)</b>             |  |
| <b>NON-OPERATING INCOME</b>  | <b>1,543,484</b>    | <b>941,200</b>      | <b>941,200</b>      | <b>1,506,000</b>    | <b>1,514,000</b>             | <b>572,800</b>              |  |
| <b>CHANGE IN NET POSITION (NET INCOME)</b>   | <b>4,085,424</b>    | <b>2,430,000</b>    | <b>2,430,000</b>    | <b>4,474,500</b>    | <b>3,397,900</b>             | <b>967,900</b>              |  |
| <b><u>TRANSFERS</u></b>  |                     |                     |                     |                     |                              |                             |  |
| Contributions in Aid of Construction   | 2,560,819           | -                   | -                   | -                   | -                            | -                           |  |
| <b>NET TRANSFERS</b>   | <b>2,560,819</b>    | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>                     | <b>-</b>                    |  |
| <b>BUDGET CHANGE IN NET POSITION (W/ TRANSFERS)</b>                                      | <b>\$ 6,646,243</b> | <b>\$ 2,430,000</b> | <b>\$ 2,430,000</b> | <b>\$ 4,474,500</b> | <b>\$ 3,397,900</b>          | <b>\$ 967,900</b>           |  |
| <b>GASB 68 ACTUAL RETIREMENT ADJUSTMENTS</b>   | <b>243,632</b>      | <b>TBD</b>          | <b>TBD</b>          | <b>TBD</b>          | <b>TBD</b>                   | <b>N/A</b>                  |  |
| <b>ACTUAL CHANGE IN NET POSITION (W/ TRANSFERS)</b>                                      | <b>\$ 6,889,875</b> | <b>\$ 2,430,000</b> | <b>\$ 2,430,000</b> | <b>\$ 4,474,500</b> | <b>\$ 3,397,900</b>          | <b>N/A</b>                  |  |

The actual amounts shown above in the program expense budgets have been adjusted to remove the non-cash GASB 68 retirement accrual. This is done to provide a much better year-over-year budget comparison.

## APPENDIX B – District Cash Balances as of September 30, 2024

| <b>Mountain Regional Water Special Service District</b><br><b>Operating Cash and Reserves</b><br><b>September 30, 2024 - Unaudited</b> |                              |
|--|------------------------------|
| <b>OPERATING CASH &amp; RESERVES</b>   |                              |
| Checking   | \$ 938,746                   |
| Operating Reserves   | 9,271,033                    |
| <b>Subtotal Operating Cash &amp; Reserves</b>  | <b>10,209,779</b>            |
|  | <i>Days Cash on Hand</i> 374 |
| <b>RESTRICTED DEBT RESERVES HELD BY DISTRICT</b>   |                              |
| Impact Fee Reserves  | \$ 4,754,842                 |
| Rate Stabilization Fund/Debt Service   | 1,018,837                    |
| Prepaid SAA Assessments  | 405,099                      |
| Promontory Stabilization Reserves  | 255,716                      |
| Stagecoach Debt Reserves   | 29,354                       |
| Community Water Debt Reserves  | 39,335                       |
| <b>Subtotal Restricted Debt Reserves</b>   | <b>6,503,184</b>             |
| <b>RESTRICTED CAPITAL FACILITY RESERVES</b>  |                              |
| Capital Reserve and Replace Fund w/ State  | 1,314,624                    |
| Lost Canyon Reserve Fund   | 822,053                      |
| <b>Subtotal Restricted Capital Facility Reserves</b>   | <b>2,136,678</b>             |
| <b>OTHER RESTRICTED CASH</b>   |                              |
| East Canyon Fund   | 2,951                        |
| Construction Admin & Maintenance (Series 2023)   | 15,991,125                   |
| Regionalization Reserve  | 660,999                      |
| Drought Reserve  | 882,647                      |
| Treatment Plant Operating Reserve Fund   | 420,447                      |
| Customer Deposits  | 862,205                      |
| Other Deposits   | 137,076                      |
| <b>Subtotal Other Restricted Cash</b>  | <b>18,957,449</b>            |
| <b>Debt Reserves Required by Bond Holders and Held by Trustee</b>  | <b>3,074,468</b>             |
| <b>TOTAL</b>   | <b>\$40,881,558</b>          |

## APPENDIX C – Capital Project Descriptions

### 2024 Completed Projects

*Solar Array on Treatment Plant Pond* – In 2024 the District requested and received approval for a capital budget amendment to move forward with a solar array installation at the Signal Hill Water Treatment Plant Pond. The District contracted with Ameresco for the installation and the project was funded by a combination of a grant from Rocky Mountain Power, an Investment Tax Credit (ITC) from the federal government and District funds. The system is now operating and supplies power to the treatment plant.

*Sun Peak Well #2* - The District finished refurbishment of Sun Peak Well #2 during 2025. The well was previously abandoned, but since the surface diversion at Spring Creek is no longer an approved source for potable water for the District, this well became an important source to offset that decrease.

*Lost Canyon Transmission Line Gate Valve* – There was no isolation valve between Promontory and the Lost Canyon Booster Pump Station, which is a 5-mile, 24-inch diameter transmission line. This valve is located to keep raw water customers in service (via the Signal Hill Pond), while allowing for maintenance activities at the Pump Station.

### Continuing 2024 Capital Projects

*Capitalized Personnel Costs* - As District employees spend a portion of their time working on or managing capital projects, the District capitalizes some personnel costs. For 2025, the budget includes \$373,500, which will be funded from cash on hand.

*General System Improvements* - The 2025 budget requests an additional \$50,000 in funding for General System Improvements. There were sufficient funds rolling over from 2024 so the new request for 2025 is being kept at a minimum.

*Vehicles & Equipment* - The District is budgeting to order six trucks at the end of 2024. The trucks will not be delivered until the beginning of 2025. The purchase includes two larger trucks (Chevy 3500), two full size trucks (Chevy 1500) and two smaller trucks (Chevy Colorado). In 2025, the District will be buying a new air compressor for the treatment plant that does not require oil, and evaluate vehicle needs in the fall to place orders for trucks to be delivered in 2026.

*Browns Canyon Road betterment* – The District has evaluated the benefit of a betterment (line size upgrade) to the distribution infrastructure planned by Promontory and has decided to participate. Promontory delayed the project until 2025 but is still planning to move forward with The District's betterment. Promontory has provided an updated estimate resulting in a budget decrease of \$140,000.

*Treatment Plant Expansion* - The District is requesting an additional \$550,000 in the 2025 Capital Budget to complete the design work on the Treatment Plant Expansion project. The current timeline is to finish design work in 2025 with construction beginning during 2026. This expansion will provide additional safety, resiliency, redundancy, as well as meet the District's projected water needs for the next 20 years.

*Administrative Office and Maintenance Facility* - The District is not requesting any additional funding to the construction of the Administrative Office and Maintenance Facility as current estimates have the project coming in under budget. Construction has progressed during 2024, with completion and move in before the end of 2025.



*Summit Park Well #5* – This project will rehabilitate Summit Park Well #5, which has been inactive for years. This will add source to the Summit Park area and resiliency to the water portfolio. There are electrical improvements planned to bring the well to modern standards. Lastly, the SCADA (automation and controls) system will be improved and integrated so this well can be monitored and operated remotely moving forward. This continues the District’s investment to rehabilitate wells given the growth the District has experienced.

*Old Ranch Booster Pump Station Upgrades* – Old Ranch Booster Pump Station is a critical pump station that regionalizes the District’s system. This project will add the ability to transfer water between regions within the District, using a control valve and SCADA improvements (automation and controls). A surge control system is also being implemented to protect the system and allow for higher pumping rates to meet demand and growth. Lastly, there will be electrical improvements to allow an onsite backup generator. Given its critical nature, it’s an obvious candidate for the next installation of a diesel generator in the District to ensure water delivery to the Colony, Canyons and Silver Springs regions.

*Engineering Design Fees* – An additional \$95,000 is being added to this budget for the design of a new tank in the Community Water area. Design work continues to take place on the Old Ranch Booster Pump Station, a waterline loop in Glenwild, and water line replacement in Summit Park on the Upper Evergreen road.

### New 2025 Capital Projects

*Well 2R Refurbishment* – Well 2R in the Black Hawk area needs a new pump and motor as well as updated electrical.

*Innsbruck Booster Pump Station* – A new Motor Control Center (MCC) will be built and installed. This is a four panel MCC including breakers, variable frequency drives, and relays. This is an essential part of managing and monitoring the electrical systems in booster pump stations. Summit Park Well 2 is located at this booster pump station and this project will also upgrade the controls of this well to allow automated use through the District SCADA system.

*Summit Park Well 7* – Summit Park Well 7 is the most critical source in Summit Park and meets the demands for the highest-pressure zone. This area of the system is difficult to reliably chlorinate, and the electrical system needs to be more robust. A chlorination system will be installed and a new MCC will also be put in place.

*Lost Canyon Transmission Line Air Valve* – During a recent study with Weber Basin Water Conservancy District, a location was identified for a possible air valve to improve the resilience against surge phenomenon in the transmission line. Since current Lost Canyon Booster Pump Station flows can have significant surge, this is a relatively inexpensive investment to increase the security of the transmission line.

*Treatment Plant Insulation Repair* – Signal Hill Water Treatment Plant has failing insulation in the north end of the building as part of the original construction. The District has been working with fabricators and contractors to find a solution to repair the failing insulation. The District has found a qualified contractor and lift capable of working in the treatment plant to make these repairs. The most critical repair will happen in conjunction with a plant shutdown to ensure no contamination in the treatment process.

*Lost Canyon Pump 1 Upgrade* – Lost Canyon Booster Pump Station has a smaller pump installed in the “number one” can. This pump is not currently useful to the District under modern operating scenarios. To increase redundancy in the critical pump station, the District will replace Pump 1 and its electrical to allow for two pumps to be taken offline at any time. This allows the District to hit peak flow rates with eight of the ten total pumps in service (approximately 9,200 gpm).

*Enterprise Asset Management (EAM) Implementation* – The District’s EAM solution was selected in 2024 (OpenGov). EAM refers to the systems and strategies used by organizations to manage and maintain assets throughout their lifecycle. The implementation is scheduled to begin during the first quarter of 2025.

*Enterprise Resource Planning (ERP) Implementation* – The District is working on replacing its current accounting, billing, and customer service software with a more robust ERP software solution. A request for proposals will be going out before the end of 2024 with implementation expected to begin during the second quarter of 2025.